

AMENDED IN ASSEMBLY APRIL 26, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2667**

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**Introduced by Assembly Member Baca**

February 24, 2006

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An act to add Section 22793.5 to the Government Code, to add Section ~~1349.3~~ 1351.3 to the Health and Safety Code, to add Section 47.3 to the Insurance Code, and to add Article 2.99 (commencing with Section 14095) to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, relating to health.

LEGISLATIVE COUNSEL'S DIGEST

AB 2667, as amended, Baca. Health care providers and insurers: considerations.

The Public Employees' Medical and Hospital Care Act requires the Board of Administration of the Public Employees' Retirement System to approve health benefit plans for certain public employees and annuitants, and authorizes the board to contract with carriers offering health benefit plans.

This bill would require the board to consider specified factors with respect to any ~~individual or~~ entity that seeks to contract with the system for the provision of health benefits.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care.

This bill would require the department to consider specified factors with respect to any ~~individual or~~ entity that seeks to contract with the system for the provision of health benefits.

Existing law provides for the licensure and regulation of health insurers by the Department of Insurance.

This bill would require the department to consider specified factors with respect to any individual ~~or entity~~ that seeks *initial* licensure under the act.

Existing law provides for the Medi-Cal program, administered by the State Department of Health Services, pursuant to which medical benefits are provided to public assistance recipients and certain other low-income persons. The Medi-Cal program is, in part, governed and funded by federal Medicaid provisions. Existing law contains provisions governing the enrollment or reenrollment or contracting with entities for the provision of health care benefits under the Medi-Cal program of Medi-Cal providers. Medi-Cal services may also be obtained under specified types of contractual arrangements.

This bill would require the department to consider specified factors with regards to contracting with any ~~individual or~~ entity for the provision of health care services under the Medi-Cal program.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 22793.5 is added to the Government
- 2 Code, to read:
- 3 22793.5. (a) The board, in considering a contract with any
- 4 ~~individual or~~ entity that seeks to enter into a contract under this
- 5 article for the provision of health care benefits, shall consider all
- 6 of the following:
- 7 (1) Whether the applicant is of reputable and responsible
- 8 character. The department shall consider any available
- 9 information that the applicant has demonstrated a pattern and
- 10 practice of violations of state or federal laws and regulations.
- 11 (2) Whether the applicant has the ability to provide, *or*
- 12 *arrange to provide for*, health care benefits or services. The
- 13 board shall consider evidence that shall include all of the
- 14 following:
- 15 (A) Any prior history of providing, *or arranging to provide*
- 16 *for*, health care services or benefits in this state, the applicant's
- 17 history of substantial compliance with the requirements imposed

1 under that license, and applicable federal laws, regulations, and  
2 requirements.

3 (B) Any prior history in this state or any other state, of  
4 providing, *or arranging to provide for*, health care services or  
5 benefits authorized to receive Medicare Program reimbursement  
6 or Medicaid Program reimbursement, the applicant's history of  
7 substantial compliance with that state's requirements, and  
8 applicable federal laws, regulations, and requirements.

9 (C) Any prior history of providing health services as a licensed  
10 health professional or an individual or entity contracting with a  
11 health care service plan or insurer, and the applicant's history of  
12 substantial compliance with state requirements, and applicable  
13 federal law, regulations, and requirements.

14 (b) The board may also require the entity described in  
15 subdivision (a) to furnish other information or documents for the  
16 proper administration and enforcement of the licensing laws.

17 SEC. 2. Section ~~1349.3~~ 1351.3 is added to the Health and  
18 Safety Code, to read:

19 ~~1349.3.~~

20 1351.3. (a) The department, in considering licensing any  
21 individual or entity under this chapter, shall consider all of the  
22 following:

23 ~~(1) Whether the applicant is of reputable and responsible~~  
24 ~~character. The department shall consider any available~~  
25 ~~information that the applicant has demonstrated a pattern and~~  
26 ~~practice of violations of state or federal laws and regulations.~~

27 ~~(2) Whether the applicant has the ability to provide health care~~  
28 ~~benefits or services. The department shall consider evidence that~~  
29 ~~shall include all of the following:~~

30 ~~(A) Any prior history of providing health care services or~~  
31 ~~benefits in this state, and the applicant's history of substantial~~  
32 ~~compliance with the requirements imposed under that license,~~  
33 ~~applicable federal laws, regulations and requirements.~~

34 ~~(B)~~

35 ~~(1)~~ Any prior history in this state or any other state, of  
36 providing, *or arranging to provide for*, health care services or  
37 benefits authorized to receive Medicare Program reimbursement  
38 or Medicaid Program reimbursement, the applicant's history of  
39 substantial compliance with that state's requirements, and  
40 applicable federal laws, regulations, and requirements.

1 (C)

2 (2) Any prior history of providing, *or arranging to provide*  
3 *for*, health services as a licensed health professional or an  
4 individual or entity contracting with a health care service plan or  
5 insurer, and the applicant's history of substantial compliance  
6 with state requirements, and applicable federal laws, regulations,  
7 and requirements.

8 (b) The department may also require the entity described in  
9 subdivision (a) to furnish other information or documents for the  
10 proper administration and enforcement of the licensing laws.

11 SEC. 3. Section 47.3 is added to the Insurance Code, to read:

12 47.3. (a) The department, in considering ~~licensing any~~  
13 ~~individual or an application for an initial license for any entity~~  
14 for the purpose of ~~marketing~~ *selling or offering* health insurance,  
15 *as defined in Sections 822 and 1560.12*, shall consider all of the  
16 following:

17 (1) Whether the applicant is of reputable and responsible  
18 character. The department shall consider any available  
19 information that the applicant has demonstrated a pattern and  
20 practice of violations of state or federal laws and regulations.

21 (2) Whether the applicant has the ability to provide health care  
22 benefits or services. The department shall consider evidence that  
23 shall include all of the following:

24 (A) Any prior history of providing health care services or  
25 benefits in this state and the applicant's history of substantial  
26 compliance with the requirements imposed under that license and  
27 applicable federal laws, regulations, and requirements.

28 (B) Any prior history in this state or any other state, of  
29 providing health care services or benefits authorized to receive  
30 Medicare Program reimbursement or Medicaid Program  
31 reimbursement, and the applicant's history of substantial  
32 compliance with that state's requirements, and applicable federal  
33 laws, regulations, and requirements.

34 (C) Any prior history of providing health services as a licensed  
35 health professional or an individual or entity contracting with a  
36 health care service plan or insurer, and the applicant's history of  
37 substantial compliance with state requirements, and applicable  
38 federal law, regulations, and requirements.

1 (b) The department may also require the entity described in  
2 subdivision (a) to furnish other information or documents for the  
3 proper administration and enforcement of the licensing laws.

4 SEC. 4. Article 2.99 (commencing with Section 14095) is  
5 added to Chapter 7 of Part 3 of Division 9 of the Welfare and  
6 Institutions Code, to read:

7  
8 Article 2.99. Provider Contract Considerations  
9

10 14095. (a) For any ~~individual, or entity,~~ *entity* that seeks to  
11 contract with the department to provide health care services  
12 under this chapter, the department shall consider all of the  
13 following:

14 (1) Whether the applicant is of reputable and responsible  
15 character. The department shall consider any available  
16 information that the applicant has demonstrated a pattern and  
17 practice of violations of state or federal laws and regulations.

18 (2) Whether the applicant has the ability to provide, *or*  
19 *arrange for the provision of*, health care benefits or services. The  
20 department shall consider evidence that shall include all of the  
21 following:

22 (A) Any prior history of providing, *or arranging for the*  
23 *provision of*, health care services or benefits in this state, the  
24 applicant's history of substantial compliance with the  
25 requirements imposed under that license, and applicable federal  
26 laws, regulations, and requirements.

27 (B) Any prior history in this state or any other state, of  
28 providing, *or arranging for the provision of*, health care services  
29 or benefits authorized to receive Medicare Program  
30 reimbursement or Medicaid Program reimbursement, the  
31 applicant's history of substantial compliance with that state's  
32 requirements, and applicable federal laws, regulations, and  
33 requirements.

34 (C) Any prior history of providing, *or arranging for the*  
35 *provision of*, health services as a licensed health professional or  
36 an individual or entity contracting with a health care service plan  
37 or insurer, and the applicant's history of substantial compliance  
38 with state requirements, and applicable federal law, regulations,  
39 and requirements.

- 1 (b) The department may also require the entity described in
- 2 subdivision (a) to furnish other information or documents for the
- 3 proper administration and enforcement of the licensing laws.

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